

Assembly Bill No. 136

CHAPTER 161

An act to amend Section 241 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor August 8, 2001. Filed with
Secretary of State August 9, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 136, Corbett. Personal property tax: hand tool exemption.

The California Constitution authorizes the Legislature to exempt personal property from taxation by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house. Under this authorization, the Legislature has exempted from ad valorem taxation the first \$20,000 worth of hand tools that are owned and supplied by an employee as a condition of employment.

This bill would increase the exemption amount to the first \$50,000 worth of hand tools that are owned and supplied by an employee.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 241 of the Revenue and Taxation Code is amended to read:

241. (a) The first fifty thousand dollars (\$50,000) of personal property that consists of hand tools owned and supplied by an employee that are required as a condition of that employee's employment are exempt from taxation.

(b) For purposes of this section:

(1) "Hand tools" means hand-held implements and equipment, including hand-held power tools, of which any one may be transported to and from the workplace and which are necessary for the ordinary and regular performance of the employee's work, and also means the

appropriate storage containers used to store those implements and that equipment.

(2) “Hand tools owned and supplied by an employee” means only those hand tools that are either owned by the employee prior to the employment or acquired and paid for by the employee during the employment, that the employee will continue to own after termination of the employment.

(3) “Employee” means any individual who is employed by an employer that directly or indirectly supervises that person and exercises control over the wages and working conditions of individual workers. “Employee” does not include a self-employed individual or an independent contractor.

SEC. 2. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

